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SUBJECT: VIETNAM REACHING OUT TO AFRICA

REF: 01 Hanoi 2637

11. (SBU) SUMMARY. As another symbol of how Vietnam prizes the diversity of its diplomatic contacts and seeks to maintain its third world credentials, the GVN hosted the first Vietnam - Africa Forum in Hanoi May 28-30. Delegations from 18 African countries discussed trade and investment and "opportunities for the 21st century." Vietnam undertakes some developmental activities in Africa, albeit financed mainly by the United Nations. Two-way trade remains modest at under USD 250 million, but GVN officials claim that there is "much potential for growth." With trade levels at about USD 50 million in 2002, South Africa is the most important African trading partner, opening its Embassy in Hanoi only in 2002. END SUMMARY.

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TRADITIONAL FRIENDS  
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12. (SBU) According to Nguyen Manh Cuong, Ministry of Foreign Affairs (MFA) senior expert for West Asia and Africa, Vietnam and many African countries have "traditional friendships" based upon historical mutual support to "overcome colonial powers." Cuong noted that, while Vietnam only has embassies in Libya, Algeria, Egypt, and South Africa, "traditional" diplomatic partners in Africa also include Sudan, Tanzania, Zimbabwe, and Angola. Cuong highlighted the importance of the forum, which brought representatives from many African countries to Hanoi for the time to discuss issues of mutual concern. In a working luncheon on June 5, Xuan Hieu (who attended parts of the forum), International Affairs Department Deputy Director of the Communist Party of Vietnam's flagstaff "People's Daily," boasted to poloff that Vietnam was "proud to host this first event of its kind." He predicted that the forum will lead to "greater mutual understanding and cooperation between Vietnam and Africa."

13. (U) Despite the traditional friendships, there have been few high level visits in recent years. Namibian President Sam Nujoma visited Vietnam in 2001. Robert Mugabe, President of Zimbabwe, also visited in 2001 (reftel). Vietnam's President, Tran Duc Luong, visited Angola, Namibia, and Congo in October 2002, after attending the Francophone summit in Beirut. Cuong said that he did not know of any upcoming senior visits; however, he expressed confidence that there would "undoubtedly be some "ministerial level" visits over the next year.

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THE FORUM  
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14. (SBU) Over 80 delegates attended the forum, including four ministers and four deputy ministers. Representatives from eighteen African countries attended: Egypt, Libya, Morocco, Algeria, Angola, Benin, Burundi, Congo, Guinea, Mali, Namibia, Nigeria, Rwanda, Sierra Leone, South Africa, Sudan, Tanzania, and Zambia. In addition, representatives of several Hanoi-based UN agencies, non-governmental organizations, and international organizations also participated. Japan sent a representative and several local embassies, including France, Italy, and the U.S., sent observers. While Cuong declined to provide exact numbers, he admitted that a "sizeable number" of the African delegates actually came from regional embassies accredited to Vietnam, mostly either in Beijing and Bangkok. (Note: While Vietnam's MFA provided hotel accommodations, the delegations had to pay their own airfares. End note). Cuong said that concerns about SARS might have had some impact, but that only two delegations had actually canceled their participation.

15. (SBU) Forum attendees heard about 30 presentations from various African delegations, other international participants, and GVN officials. Many of the speeches reiterated the common desire for realizing "the great trade potential" between Vietnam and Africa. In his keynote address, Prime Minister Phan Van Khai emphasized the need to move beyond the currently "limited cooperation" and develop a "multifaceted approach." Several speeches commended

Vietnam for its "south - south" cooperative activities. H.K. Angula, Namibia's Minister of Agriculture, Water, and Rural Development, told the forum that Namibian farmers "have a great deal to learn from Vietnam," noting Vietnam's transformation from a rice importer to one of the world's leading rice exporters in a relatively short period. He said that Vietnam's "comparative advantage" in rice "sets the stage" for further bilateral cooperation.

16. (U) At the conclusion of the forum, Vietnam signed several cooperative agreements, including:  
--on agricultural cooperation and fisheries cooperation with Sudan;  
--on economic, trade, cultural, and technical cooperation with Sierra Leone; and,  
--on trade and investment protection with Namibia.

17. (U) The forum also included about 150 booths showcasing various Vietnamese exports, such as electronics, textiles, and agricultural products. The rather elaborate exhibition invited speculation among some observers that export promotion might have been an underlying theme of the forum. Cuong admitted that Vietnam "would like to sell more products to more African countries." He claimed that there is "especially good potential" for rice exports. Cuong maintained, however, that the main purpose of the forum was to discuss Vietnam and Africa two-way cooperation, of which Vietnam's exports is "only one part."

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VIETNAM'S DEVELOPMENTAL ROLE  
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18. (U) Cuong claimed that, while Vietnam is itself a large official development assistance (ODA) recipient, the GVN was "proud" to have a role in helping African countries. Cuong noted that there are Vietnamese experts working in a number of African countries, citing agricultural experts in Madagascar, Benin, Congo, and Senegal. (There are also Vietnamese medical doctors in Angola.) Much of this assistance, he admitted, is actually financed through a "two plus one" program under the U.N., whereby Vietnam supplies the experts and the U.N. supports them and their programs.

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TRADE  
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19. (U) Cuong lamented that, while Vietnam's trade with Africa had grown by a factor of 10 since 1990, it was still "far below potential." Vietnam's 2002 exports to Africa totaled about USD 200 million (about one percent of Vietnam's total exports); its imports from Africa are about USD 43 million (about three tenths of one percent of Vietnam's imports), according to a press report.

10. (SBU) While a number of officials stressed the theme of economic potential, others noted that there are serious impediments that Vietnam and African countries must overcome to realize that potential. Cuong admitted that lack of payment mechanisms is a major factor. Another is the lack of familiarity with culture and customs. He said that many Vietnamese business people were reluctant to do business in Africa because "it is sometimes rather hard to get paid." Barter trade, while possible, is not going to raise trade volume significantly, he opined. Joseph Bonesha, the Rwandan ambassador to the PRC, told poloff on the margin of the forum that distance to market was a major problem for both Vietnam and African countries. He noted that Rwanda was "very poor" and at this point not able to import much of anything from any country. Guinea's Ambassador to Beijing, Djigul Camara, predicted to poloff that Vietnam would be "hard pressed" to compete with the PRC in Guinea. He estimated that Guinea and the PRC have about USD 100 million in two-way trade, with established links. Camara said that the PRC is "similarly well established" in a number of other West African countries.

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MOVING FORWARD WITH SOUTH AFRICA  
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11. (U) In October 2002, South Africa opened an embassy in Hanoi, headed by a Charge d'Affaires. Vietnam had established its embassy in South Africa in 1999. Two-way trade, while limited, has grown from USD 20 million in 1999 to USD 50 million in 2002, according to a GVN press report, making South Africa Vietnam's most important African trading partner. Vietnam's primary exports include footwear, textiles, artificial flowers, coffee, rice, and plastics. Its imports include machinery, steel, wood, chemical products, and paper. The trade balance is in favor of South Africa by about a three to two ratio, according to South African government statistics. The two countries signed a bilateral trade agreement in 2000.

12. (U) In a speech at the forum, Charles Bailey, Ford

Foundation representative in Vietnam, highlighted that South Africa and Vietnam shared a strong historical relationship stemming from their respective independence struggles. In 1978, a high-level delegation from the then-banned African National Congress (including now-President Mbeki) visited Vietnam and met with the top leadership. According to Bailey, this visit made a strong impression on both sides.

13. (SBU) South African Charge d'Affaires Elizabeth Erasmus told poloff in a sidebar conversation that one of South Africa's goals in opening an embassy in Hanoi was to demonstrate to Vietnam that South Africa can serve as a gateway for regional trade. She noted that it will take "considerable effort" to realize this goal, but there are plans for further cultural and educational exchanges that will also improve mutual understanding. Commenting on Vietnam's long-term goals in Africa, Charge Erasmus opined that Vietnam may be interested in counterbalancing the PRC's already strong economic position in a number of African countries.

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COMMENT  
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14. (SBU) This forum can be viewed as part of Vietnam's general diplomatic push over the past decade to diversify its relations globally. There are still warm feelings in Vietnam for the many African countries that provided moral support during wartime, even though the tangible benefits nowadays remain minimal. Lack of infrastructure, vast distances, questionable markets, and uncertain business practices all suggest that more meaningful Vietnam - Africa ties are unlikely in the foreseeable future, despite goodwill and good rhetoric.

PORTER